

Staff Summary Report



Council Meeting Date: 12/4/2003

Agenda Item Number: _____

SUBJECT: Hold a public hearing and authorize amendments to the 2003-2004 CDBG Action Plan

DOCUMENT NAME: 20031204dsnc03 **COMM. DEV. BLOCK GRANT FY 2003/2004 (0207-25)**

SUPPORTING DOCS: Yes

COMMENTS: Hold a public hearing on, and request approval to amend the 2003-2004 CDBG Action Plan to include funding for the Pappas School development fees and the use of a HUD Section 108 loan program for Brownfield development. (Public Hearing)

PREPARED BY: Neil Calfee, Principal Planner (350-2912)
Liz Chavez, Housing Services Supervisor (350-8958)

REVIEWED BY: Melanie Hobden, Development Services Manager (350-8069)

LEGAL REVIEW BY: Cliff Mattice, Assistant City Attorney (350-8610)

FISCAL NOTE: The Pappas School development fees would be funded through reprogramming existing fund balances in the Housing Rehabilitation Program, total cost is estimated to be \$50,000. The Section 108 loan would be utilized to fund remediation activities as part of the Rio Salado Marketplace Brownfield Redevelopment Project. Tax revenue generated from the project will provide debt-service for the loan.

RECOMMENDATION: Approval of amendments to the 2003-2004 CDBG Action Plan as substantially included.

ADDITIONAL INFO: The U.S. Department of Housing and Urban Development (HUD) requires recipients of Community Development Block Grant (CDBG) Program funding to maintain an Action Plan describing how federal resources will be spent to meet national objectives listed in the City's Consolidated Plan.

Council had previously authorized the use of CDBG funds for the Pappas School development fees and to utilize the HUD Section 108 loan program for Brownfield redevelopment. The attached changes to the Action Plan document enable the funding to be used for the above activities.

Proposed amendments to Tempe's 2003-2004 CDBG Action Plan

(Include as new Program Activity)

Program Activity: Area Benefit; University/Hayden Butte Redevelopment Area 5 (Rio Salado Marketplace Brownfield Project)

The Rio Salado Marketplace Brownfield redevelopment effort is a public/private partnership between the City of Tempe and Miravista Holdings. For the last fifty years this 200-acre project area has been utilized for heavy industrial uses and land filling, much of which had been a County island until 1999. This area is strategically located at the confluence of two freeways and is directly east of the City's Rio Salado Town Lake project. With its prime location and recent changes in Brownfield's legislation, the redevelopment and revitalization of this area has become feasible. Current plans for this project include the construction of a regional commercial shopping center of nearly one million square feet in size with the potential for office and recreational uses on the balance of the area.

To further the ongoing redevelopment efforts the City will utilize HUD's Section 108 loan program to fund environmental remediation activities in this area. Additionally, HUD Brownfield Economic Development Initiative grant dollars will be used to carry the interest only payments for the first two years of the loan.

This activity meets the CDBG program's national objective outlined at 24 CFR 570.208 (a)(4)(i), Activities benefiting – low and moderate income persons, specifically through job creation or retention activities. In addition to meeting the above-referenced national objective criteria, the project will also meet the eligible activity criteria in 24 CFR 570.203 (b), Special Economic Development Activities by creating jobs for low and moderate-income persons.

Homeless and Other Special Needs Activities(Add the following language to this section):

Thomas J. Pappas School for Homeless Children is constructing a new 25,000 square foot elementary (K-6) facility on Apache Boulevard; it is projected to open fall 2004. CDBG funds will be used to pay for development fees on this project.